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Working Group I

Draft Report of Working Group I

(First part)

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INTRODUCTION

1. At its 64th plenary meeting on 22 February 1968 the Conference established Working Group I with the following membership: Algeria, Argentina, Australia, Barbados, Belgium, Brazil, Bulgaria, Cambodia, Canada, Central African Republic, Ceylon, Chile, Congo (Democratic Republic of), Czechoslovakia, Denmark, Ecuador, Ethiopia, Federal Republic of Germany, Finland, France, Ghana, Guinea, Guyana, Holy See, Hungary, India, Indonesia, Italy, Jamaica, Japan, Kenya, Lebanon, Malaysia, Madagascar, Mexico, Netherlands, New Zealand, Norway, Pakistan, Poland, Republic of Viet-Nam, Romania, Rwanda, Somalia, Spain, Sudan, Sweden, Switzerland, Thailand, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay and Yugoslavia. It was agreed that any representative of any country member of UNCTAD interested in the Working Group's deliberations would be free to participate in its proceedings.

2. The Conference referred to the Working Group for consideration and report items 9(f) and 9(h) of the agenda, [in conformity with the recommendation made by the Trade and Development Board at its fifth session (A/6714, part one, paragraph 22 (iii)]. Items 9(f) and 9(h) of the agenda, as adopted, read as follows: "The world food problem - its relationship to international trade, export earnings and economic development of developing countries: measures to assist them to increase their food production and to improve the conditions for its distribution and marketing"; "Transfer of Technology, including know-how and patents".

3. At its first meeting on 26 February the Working Group elected as its Chairman Mr. Domingo Santa Maria (Chile); Mr. Petre Tanasie (Romania) as its Vice-Chairman and Mr. H.J. Kristensen (Denmark) as Rapporteur.

4. The Working Group held meeting from 26 February to March 1968, in the course of which it considered item 9(f).

5. The Working Group decided to deal first with item 9(f) (TD/II/WG.I/L.1) as suggested by the Chairman, with the following order of business:

1. Situation and prospects;
2. Relationship to trade, export earnings and economic development of developing countries;
3. Measures to assist developing countries to increase their food production and to improve the condition for its distribution and marketing.

6. The representatives of the Food and Agriculture Organization and the Secretary-General of the United Nations Conference on Trade and Development made statements introducing agenda item 9(f).

Chapter I

7. All the participants in the debate emphasized the importance of the food problem, and the urgent need for its solution. A number of representatives stated that the food problem had an important bearing on general economic development. They pointed out that it reflected sometimes the less satisfactory performance of the agricultural sector, which, in most developing countries, accounted for more than half of the national income and employment, and for over 70 per cent of foreign exchange earnings.

8. Reference was made to the fact that a sizeable proportion of world population suffered from hunger and malnutrition and that in many developing countries a high proportion of foreign exchange earnings was spent on food imports. In view of the chronic foreign exchange shortage of these countries, food imports competed with, and were likely to displace, imports of capital goods and raw materials essential for development. Referring to studies and projections made by the Food and Agriculture Organization and other bodies some representatives expressed the fear that the continuation of present trends would lead to a further deterioration in the world food situation, with grave consequences in terms of human suffering and economic development.

9. Analyzing the causes of the problem a number of delegations mentioned the high rate of population growth. Others, while agreeing that the demographic factor could not be ignored in the context of the food problem, tended to underline the relatively slow growth of food production.

10. There was general agreement that developing countries should, in the formulation of balanced and integrated plans, pay special attention to the requirements of the agricultural sector taking account of the urgency of the food problem and the important role of this sector in overall development.

11. Many representatives emphasized the importance of incentives for the expansion of food production. They stressed the need for land reform and for a modernization of the structures and systems of land tenure and land use. Some referred to the need for the reconsideration of food pricing policies with due regard to the interests of both food producers and food consumers. They also mentioned the value of diversification from crops in oversupply to basic foods and commodities with good demand prospects.

12. A few representatives expressed the view that agricultural protectionism in the developed market economy countries lay at the root of the food problem. They stated that high protective walls severely limited marked outlets in developed countries, depressed prices and acted as a disincentive in a number of developing countries. According to this view the improvement in conditions of market access and in the terms of trade of developing countries ranked high in the order of priorities if food production was to be stimulated.

13. There was general agreement that food production could be substantially increased in developing countries by the improvement of infrastructure including transport, marketing, storage, distribution facilities, research and extension services. There was consensus on the need to stimulate the provision and utilization of fertilizers, pesticides, improved seeds, agricultural equipment and machinery. Some representatives underlined the key role of agricultural credit and the need to develop more effectively water resources and irrigation facilities in developing countries.

14. Many representatives expressed the view that developing countries should pay special attention to the establishment of agro-allied industries, including those supplying the agricultural sector with fertilizers and pesticides as well as those processing agricultural output. Some stressed the need for the balanced growth of the agricultural and non-agricultural sectors of the developing economies.

15. Most representatives agreed that the responsibility for increasing food production lies primarily on the developing countries themselves. They stressed, however, the need for technical and financial assistance from developed countries and international institutions if developing countries were to succeed in solving the food problem.

16. Aid to agriculture was referred to in most statements. A number of representatives stated that developed countries should provide more assistance, technical and financial, to developing countries in their efforts to modernize the agricultural sector, should include in their aid programmes provisions for increasing the supply of agricultural requisites of agro-allied industries in developing countries. Some representatives underlined the importance of gradual adjustment in the production and trade policies followed in developed countries.

17. The debate on food aid reflected a large measure of agreement. Most delegations agreed that food aid played a key role in mitigating the food problem of the principal food-deficit countries. They stressed the need for the continuation of food aid on a multilateral as well as a bilateral basis as capital for economic development and to meet emergency and chronic food shortages. They agreed that food aid could only be a temporary measure and that the long-term solution lay in the expansion of food production in the deficit countries. Some delegations stressed the need for ensuring that food aid did not have an adverse effect on food production in the receipient countries.

18. Some representatives expressed the view that food aid should be a responsibility shared among developed countries, both importers and exporters of food. They referred to the food aid convention incorporated in the International Grains Arrangement, 1967, as an example of the principle of international responsibility for food aid.

19. The representatives of some developing and developed countries stated that their countries had the capacity to produce efficiently larger exportable food surpluses which could be made available for aid purposes under suitable international financing arrangements. They pointed out that food-deficit countries should not aim at self-sufficiency in food production except when economic conditions justify such policies. They also emphasized that food aid programmes should not disrupt normal commercial markets.

20. Some representatives stressed the need for building up national emergency reserves of food grains to meet exceptional situations arising from crop failures, prolonged droughts and other natural calamities. In their view developed countries and international organizations should assist developing countries in building up such emergency reserves.

21. Some representatives expressed the view that food aid should be given on a grant basis or at least provided on terms which took into account the capacity of the recipient countries to make repayment.

22. The need for the expansion of multilateral food aid and its canalization through the World Food Programme was alluded to in many statements.

[The text of the recommendation on item 9(f) of the Working Group will be issued as an addendum to this document.]